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Indiana County Assessors Association
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November 27, 2009

Ms. Julie Waddell, Assessor-Auditor
Indiana Department of Local Government Finance
IGC North, 100 North Senate Avenue, N 1058(B)
Indianapolis, IN 46204

RE: St. Joseph County Ratio Study
2009 pay 2010

Dear Ms. Waddell:

St. Joseph County experienced many changes in the recent assessment year, as has the entire nation with the collapse of the housing market. Among the hardest hit areas of our 31 taxing districts was Portage Township, which incurred a record number of foreclosures and discounted re-sales. On the positive side, this township saw development in the area near Notre Dame known as Eddy Street Commons; a mixed use community constructed with both commercial shops and residential town homes, while the City of South Bend sought redevelopment of industrial vacant land in an area known as Innovation Park. Our county also has new condominiums in Centre, Clay, and German Townships, while in Harris Township the construction of Toscana Park, a multi-million dollar retail development, was completed. Despite these new residential and commercial projects, the overall effect of the increased foreclosures, reduced sales (for trending), and reduced development and new construction has resulted in reduced assessments for St. Joseph County.

Our Field Team conducted site visits for all development and new construction, as well as inspection of other properties as needed. Our Data Entry Team then created and inactivated parcels for splits, calculated land values, sketched improvements, identified changes in use, applied updated GRM to 1-4 unit rentals, and made all other changes applicable to the database for the March 1, 2009 assessment.

Our study began with a raw data ratio study. The Sales Disclosure Department then verified the sales in each township; a lengthy but necessary process because the first six months of our sales had been entered into the i-Dox system for verification at the township level, and the latter six month's sales had been entered into the state's online system by county personnel. Invalid sales were identified and removed. We also analyzed foreclosures throughout the county and, in Portage Township, found several distressed residential neighborhoods where the foreclosure rate was over 60% of all transfers. The Sales Disclosure Department Manager validated sales to represent this trend, using highly discounted sales from the banks (after foreclosure).

Next we stratified the sales data by township, neighborhood, and property class codes. Our analysis identified neighborhoods to review and re-stratify by size, effective year of construction, and/or the ever-significant real estate market influence, location. We removed outliers, applied trending factors, and calculated the 2009 pay 2010 proposed AV's. A county-wide neighborhood re-stratification study is planned for 2010 pay 2011.

We encountered several delays during the processing of our ratio study due to the upgrade of our software to Manatron ProVal version 7.11.2. These issues ranged from mapping the Sales Validity Codes to correcting the 2009 Land Tables and, finally, to lock-ups of the system by running too many processes concurrently. Although the problems were created by human error within our division and the vendor assisted in resolving them, the upgrade itself came at an inopportune time.

Specific Items to note in this study:

- Improved Residential - Most of the township assessments remained stagnant or reduced in value due to lower sales volume from previous years and to lower values in the real estate market. Some "discounted" sales of foreclosed properties in Portage Township were validated to reflect the high foreclosure rates within these neighborhoods and reflect true market value.
- Vacant Residential – Only Clay, Penn, and Portage Townships had enough valid sales for trending.
- Improved Commercial – Due to the decline in sales, we stratified all commercial property throughout the county by property class code. Only Penn and Portage Townships had enough valid sales for trending. We invalidated sales that had one or two parcels per class code, which left codes 420, 429, 430, 447, 456, and 499 for combined analysis.
- Vacant Commercial – We combined sales of vacant commercial property throughout the county; Lincoln, Penn, and Portage Townships.

- Improved Industrial – We combined sales from German, Harris, Penn, and Portage Townships which gives a combined PRD of 1.031. The .001 above standard was due to a rounding in the software.
- Vacant Industrial – We combined 6 sales from German, Penn, and Portage Townships. We excluded Innovation Park from this study.

Please review the attached ratio study and workbook, and notify us of the results at your earliest convenience. Thank you.

Respectfully,

Robin E. Ackerson
Chief Deputy, Compliance Division

Kareemah Fowler
Manager, Sales Disclosure Department

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